
Financial Institutions & Insurance Committee

SSB 5468

Brief Description: Permitting an exemption for nonprofit housing organizations from the consumer loan act.

Sponsors: Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Honeyford, McCaslin, Kilmer, King, Delvin, Jacobsen, Berkey and Shin).

Brief Summary of Substitute Bill

- Exempts certain nonprofit housing organizations and loans from the provisions of the Consumer Loan Act if the primary purpose of the program is to assist low-income borrowers with purchasing or repairing housing or the development of low-income housing.

Hearing Date: 3/17/09

Staff: Alison Hellberg (786-7152)

Background:

The Consumer Loan Act (CLA) requires that businesses making secured or unsecured loans be licensed by the Department of Financial Institutions (Department). The provisions of the CLA do not apply to banks, savings banks, trust companies, savings and loans, credit unions, pawnbroking businesses, or credit card companies, or retail installment sales of goods and services. The CLA restricts certain loan provisions, requires that lenders fully disclose the terms of loans, and prohibits lenders from engaging in unfair and deceptive acts and practices. CLA licensees regulated by the Department must obtain a surety bond and provide the Department with certain information.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The requirements of the CLA do not apply to nonprofit housing organizations, or persons makings loans, or loans made, under housing programs that are funded by federal, state, or private programs if the primary purpose is to assist low-income borrowers with purchasing or repairing housing or the development of low-income housing.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.